

Message Text

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PAGE 01 STATE 049455

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ORIGIN ARA-20

INFO OCT-01 ISO-00 PM-07 L-03 SPC-03 DODE-00 CIAE-00

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DRAFTED BY DOD/ISA - RGOODEN:ARA/CAR - KLWAUCHOPE:LH

APPROVED BY ARA - MR. SHLAUDEMAN

ARA/CAR - MR. BURKE

ARA/PLC - MR. WILLIAMS

PM/ISO - LTC FLEMINGS

L/PM - MR. MICHEL

PM/SAS - MR. CLUNAN

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FM SECSTATE WASHDC

TO AMEMBASSY NASSAU PRIORITY

S E C R E T STATE 049455

E.O. 11652: GDS

TAGS: MARRX, BF, US

SUBJ: FACILITIES NEGOTIATIONS: FUNDING THE US QUID

REF: NASSAU 326

1. THE PROBLEM OF FUNDING THE US QUID DEVELOPED INTO A SIGNIFICANT ISSUE WHEN IT BECAME APPARENT THAT THE GCOB INTENDED TO PRESS FOR A PER ANNUM AMOUNT IN EXCESS OF THE FAIR RENTAL VALUE OF THE LAND INVOLVED. THIS OCCURRED IN JUNE 1973 TOWARD THE END OF THE US-UK-GCOB PRELIMINARY DISCUSSIONS. THE SUBJECT WAS DISCUSSED AT A STATE-DOD MEETING IN LATE JULY 1973 WHICH AMBASSADOR SPIERS ATTENDED. MEANS OF ACCOMMODATING THE LARGER QUID WERE SUBSEQUENTLY EXAMINED AND GRANT MAP MATERIEL AND TRAINING AND EXCESS DEFENSE ARTICLES WERE RULED OUT BY THE SAPRC.

2. THE CIRCULAR 175 MEMORANDUM ON THE NEGOTIATIONS, APPROVED OCT. 23, 1973, ADDRESSED THE FUNDING ISSUE OBLIQUELY SO AS NOT TO LIMIT OPTIONS. ITEM 2 OF THE US QUID FROM THE 175 MEMO STATED "PROVIDED THAT ADEQUATE LEGAL
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PAGE 02 STATE 049455

AUTHORITY CAN BE FOUND, PAYMENTS OVER 15 YEARS TO THE GCOB

OF AN ADDITIONAL AMOUNT ESTIMATED NOT TO EXCEED \$23.6 MILLION ..." PAGES 4 AND 5 OF THE MEMORANDUM OF LAW FURTHER EXPLORE THE FAIR RENTAL VALUE ISSUE AND SUGGEST THE POSSIBILITY OF CONSIDERABLE LATITUDE IN INTERPRETING THE LAND RENT PROVISIONS. A DOD SITE SURVEY TEAM RECENTLY APPRAISED THE CURRENT ANNUAL FAIR RENTAL VALUE OF THE LAND TO BE

\$429,700; HOWEVER, DOD SUBSEQUENTLY DETERMINED THAT LAND RENTAL PAYMENTS NEED NOT BE RESTRICTED TO THIS FAIR RENTAL VALUE.

3. IF, AS YOU ASSUME, THE DEFINITIVE AGREEMENT WILL CALL FOR PAYMENT OF ABOUT \$1.5 MILLION P.A., THIS AMOUNT COULD BE PAID AS RENT FROM DOD APPROPRIATED FUNDS. FOLLOWING PAYMENT OF THIS CASH SUM, THE GCOB COULD, BUT WOULD NOT BE OBLIGATED TO, PURCHASE UNDER THE FMS CASH PROGRAM DEFENSE ARTICLES AND SERVICES RECOMMENDED BY THE SURVEY TEAM. KISSINGER

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Message Attributes

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